

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MT. OLIVET NATURAL)	
GAS CO., INC. FOR A RATE ADJUSTMENT)	
PURSUANT TO THE ALTERNATIVE RATE)	CASE NO. 97-389
FILING PROCEDURE FOR SMALL UTILITIES)	

ORDER

On December 5, 1997, Mt. Olivet Natural Gas Co., Inc. ("Mt. Olivet") filed its application for Commission approval of a proposed increase in its rates for gas service. The proposed rates would generate additional annual revenues of \$47,000, an increase of approximately 21.8 percent above test-year revenues.

In January 1998, Commission Staff conducted a field review of Mt. Olivet's test-period financial records. Based upon this review, Commission Staff issued its report on April 2, 1998 recommending that Mt. Olivet be allowed to increase its annual revenues by \$6,997.

By Order dated April 2, 1998, Mt. Olivet was advised to file comments on the Staff Report or request a hearing no later than April 12, 1998 or the case would stand submitted to the Commission for decision. Mt. Olivet filed a letter on April 15, 1998 stating it had no comments or requests concerning the Staff Report.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the

findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates proposed by Mt. Olivet will produce revenues in excess of those found reasonable herein and should be denied.

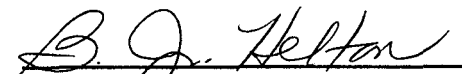
3. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Mt. Olivet and will produce sufficient revenues to meet its operating expenses and provide for future equity growth.

IT IS THEREFORE ORDERED that:

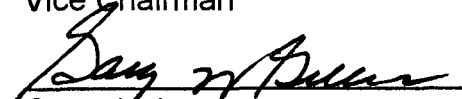
1. Mt. Olivet's proposed rates are denied.
2. The rates contained in Appendix A are approved for gas service rendered by Mt. Olivet on and after the date of this Order.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of April, 1998.

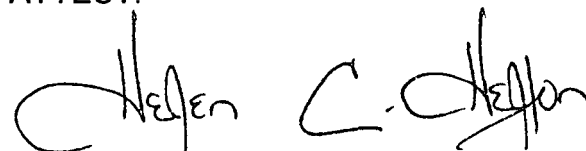
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-389 DATED APRIL 24, 1998

The following rates and charges are prescribed for the customers in the area served by Mt. Olivet Natural Gas co., Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates:

First 1000 Cu. Ft. or less (Minimum Bill)	\$7.80
Next 4000 Cu. Ft. per 1000 Cu. Ft.	6.0147
Next 5000 Cu. Ft. per 1000 Cu. Ft.	5.8099
Next 10,000 Cu. Ft. per 1000 Cu. Ft.	5.6582
Next 20,000 Cu. Ft. per 1000 Cu. Ft.	5.4505